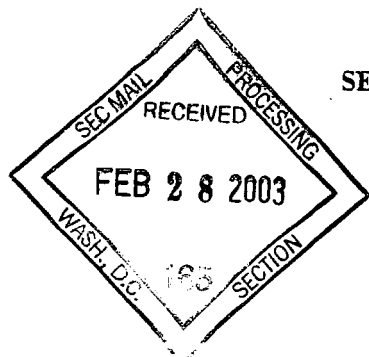


3/11/03



CM



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
Estimated average burden hours per response . . .	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
847558

FACING PAGE
**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

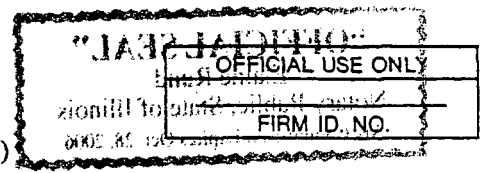
REPORT FOR THE PERIOD BEGINNING January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Duff & Phelps Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
311 South Wacker Drive, Suite 4200
(No. and Street)

Chicago IL 60606
(City) (State) (Zip Code)



NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Michael J. Marek 312-697-4600
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
KPMG
(Name — if individual, state last, first, middle name)

515 Broadway Albany NY 12207
(Address) (City) (State) (Zip Code)

PROCESSED
MAR 18 2003
THOMSON FINANCIAL

- CHECK ONE:
- ☒ Certified Public Accountant
 - ☐ Public Accountant
 - ☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

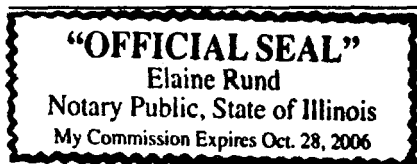
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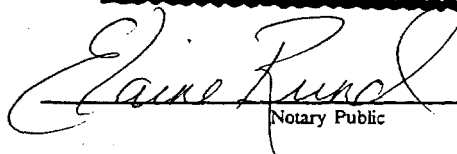
OATH OR AFFIRMATION

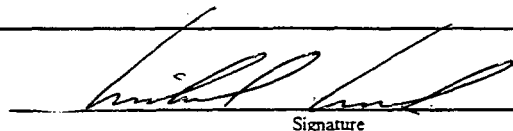
I, Michael J. Marek, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Duff & Phelps Securities, LLC, as of

December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

No Exceptions




Notary Public


Signature

CFO & EVP

Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

DUFF & PHELPS SECURITIES, LLC

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One Financial Plaza
Hartford, CT 06103-2608

Independent Auditors' Report

The Member of
Duff & Phelps Securities, LLC:

We have audited the accompanying statement of financial condition of Duff & Phelps Securities, LLC (a wholly owned subsidiary of Duff & Phelps, LLC) as of December 31, 2002 and the related statements of income, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Duff & Phelps Securities, LLC as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in schedules 1, 2, and 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

January 24, 2003



KPMG LLP KPMG LLP, a U.S. limited liability partnership, is
a member of KPMG International, a Swiss association.

DUFF & PHELPS SECURITIES, LLC

Statement of Financial Condition

December 31, 2002

Assets

Cash	\$ 25,000
	<u>\$ 25,000</u>

Member's Equity

Member's equity (note 4)	\$ 25,000
	<u>\$ 25,000</u>

See accompanying notes to financial statements.

DUFF & PHELPS SECURITIES, LLC

Statement of Income

Year ended December 31, 2002

Private placement fees	\$	—
Expenses:		
Allocated expenses from parent company (note 3)		—
Net income	\$	—

See accompanying notes to financial statements.

DUFF & PHELPS SECURITIES, LLC

Statement of Changes in Member's Equity

Year ended December 31, 2002

	<u>Member's investment</u>	<u>Undistributed earnings</u>	<u>Total</u>
Balance, as of December 31, 2001	\$ 25,000	—	25,000
Net income	—	—	—
Distribution to member	—	—	—
Balance, as of December 31, 2002	<u>\$ 25,000</u>	<u>—</u>	<u>25,000</u>

See accompanying notes to financial statements.

DUFF & PHELPS SECURITIES, LLC

Statement of Cash Flows

Year ended December 31, 2002

Cash flows from operating activities	\$	—
Cash flows from investing activities		—
Cash flows from financing activities		—
		<hr/>
Net increase (decrease) in cash		—
Cash, beginning of year		<hr/> 25,000
Cash, end of year	\$	<hr/> <hr/> 25,000

See accompanying notes to financial statements.

DUFF & PHELPS SECURITIES, LLC

Notes to Financial Statements

December 31, 2002

(1) Nature of Business and Ownership

Duff & Phelps Securities, LLC (the "Company") is a Delaware company formed on June 24, 1997. The Company is registered as a broker with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. Its customers are located throughout the United States. The Company is a wholly owned subsidiary of Duff & Phelps, LLC (the "parent company" or "member").

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer, and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

Since inception, the Company has only performed private placement of debt and equity securities. In 2002, it did not engage in those or any other business activities.

(2) Significant Accounting Policies

(a) *Basis of Financial Statement Presentation*

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and general practices in the broker-dealer industry. The Company uses the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when an obligation is incurred.

(b) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) *Personal Assets and Liabilities*

The financial statements of the Company do not include the assets and liabilities of the member including its obligation for income taxes on its distributive shares of the net income of the Company or its rights to tax refunds on its share of the Company's net loss, nor any provision for income tax expenses or benefits.

(d) *Cash*

The Company maintains cash balances at a bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$100,000.

DUFF & PHELPS SECURITIES, LLC

Notes to Financial Statements

December 31, 2002

(e) Furniture, Fixtures, and Equipment

The Company is allocated expenses that cover use of office space, furniture, and equipment, and therefore these items are carried on the books of the parent company.

(f) Income Taxes

The Company's policy is to comply with the requirements of the Internal Revenue Code that are applicable to limited liability companies, which allows for complete pass-through of taxable income to its member. Therefore, no federal or state income tax provision is required in the Company's financial statements.

(3) Allocation of Expenses from Parent

The parent company is the sole member of the Company. Effective July 1, 1996, the Company entered into an agreement to pay the parent company its allocable share of expenses and costs incurred by the parent company, on a fair basis in the proportion that the revenue recorded by the Company bears to the consolidated revenue of both entities, up to the amount of revenue recorded by the Company. There were no expenses allocated by the parent company to the Company during the year ended December 31, 2002.

(4) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission (SEC) uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2002, the Company had net capital of \$25,000 and a net capital requirement of \$5,000. At December 31, 2002, the Company had no aggregate indebtedness.

(5) Contingencies

Management of the Company believes there is no pending or threatened litigation that will result in any material adverse effect on the Company's financial condition as of December 31, 2002.

Schedule 1

DUFF & PHELPS, SECURITIES, LLC

Computation of Net Capital Under Rule 15c3-1

December 31, 2002

Aggregate indebtedness	\$	<u>—</u>
Net capital:		
Member's equity	\$	25,000
Deductions, haircuts on securities owned		<u>—</u>
		25,000
Minimum required net capital		<u>5,000</u>
Capital in excess of minimum requirement	\$	<u>20,000</u>
Ratio of aggregate indebtedness to net capital		N/A

There is not a material difference between the Company's Computations of Aggregate Indebtedness and Net Capital as reported by the Company in Part IIA on Form X-17A-5 as of December 31, 2002.

Schedule 2

DUFF & PHELPS SECURITIES, LLC

Computation for Determination of Reserve Requirements
under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2002

The Company is exempt from the provisions of Rule 15c3-3 as of December 31, 2002 under the Securities and Exchange Act of 1934, in that the Company's activities are limited to those set forth in the condition for exemption appearing in paragraph (k)(2)(ii) of the Rule.

DUFF & PHELPS SECURITIES, LLC

Information Relating to Possession or Control Requirements
under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2002

The Company is exempt from the possession or control requirements under Rule 15c3-3 of the Securities and Exchange Commission.